

Cummings Raises Concerns About Relationship to Widespread Foreclosure Abuses

Washington, DC (Nov. 16, 2011) – Today, Ranking Member Elijah E. Cummings [sent a letter](#) to Federal Housing Finance Agency (FHFA) Acting Director Edward DeMarco requesting information about \$150 million in fees that Fannie Mae and Freddie Mac imposed on mortgage servicing companies last year for failing to conduct foreclosures fast enough.

“I am concerned that these penalties, at least some of which were ordered by the Federal Housing Finance Agency (FHFA), may have contributed to widespread abuses by mortgage servicing companies and law firms attempting to meet arbitrary deadlines to expedite foreclosures,” Cummings wrote.

At the time these penalties were imposed, FHFA was aware of widespread foreclosure abuses, according to a [report by the FHFA Inspector General requested by Cummings](#).

The IG report found that “there were multiple indicators of foreclosure abuse risk prior to 2010 that could have led FHFA to identify and act earlier on the issue,” including “consumer complaints alleging improper foreclosures; contemporaneous media reports about foreclosure abuses by Fannie Mae’s law firms; and public court filings in Florida and elsewhere highlighting such abuses.”

The IG report also referenced a Fannie Mae review finding that foreclosure attorneys “are routinely filing false pleadings and affidavits,” as well as a report by FHFA’s Office of Conservatorship Operations that “servicers, attorneys, and other supporting personnel were overloaded with the volume of foreclosures ... documentation problems were evident, and law firms (referred to as “foreclosure mills”) were not devoting the time necessary to their cases.”

Nevertheless, the IG reported that in 2010, FHFA “directed Fannie Mae to impose

compensatory fees against the servicers for violating foreclosure timeline limits.”

“The size and timing of these penalties,” Cummings wrote, “raise serious questions about whether FHFA may be more interested in expediting foreclosures to clear its books than protecting the rights of homeowners.”

Cummings originally [asked DeMarco for information about these penalties](#) on October 3, 2011, but FHFA did not provide all of the requested information. In today’s letter, Cummings asked FHFA to provide by November 30, 2011:

- (1) a list of all servicers that have been assessed compensatory fees;
- (2) the total amount of fees assessed against each servicer;
- (3) the reasons these fees were assessed against each servicer;
- (4) whether each servicer assessed compensatory fees has paid the assessed fees in full; and
- (5) if a servicer has not yet paid the assessed fees in full, the expected date by which the fees will be paid in full.